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2 June 1965

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MEMORANDUM

SUBJECT: Belgian Economic Interests in the Congo

1. Belgian investment in the Congo has been reduced in some areas over the past year but can probably still be roughly estimated at \$3 billion. Societe Generale and its subsidiary Union Miniere du Haut Katanga continue to be the most important Belgian enterprises although other investors have important stakes in mining, agriculture, and commerce.
2. Belgium received from the Congo about \$30 million annually on the average during 1961-63 from investment income, transportation and insurance services, and travel. This marked a sharp drop from the pre-independence average (1955-60) annual income of \$158 million, a level which may never be regained. Union Miniere has announced profits of \$7.4 million for 1963, while in 1964 higher mineral prices raised profits to \$11.3 million.
3. Prior to independence, the companies paid one-fifth of certain taxes to Brussels and four-fifths to Leopoldville, but most payments to Leopoldville were withheld following the administrative breakdown in the early 60's. These taxes are now apparently being paid to Leopoldville with Belgian companies providing some technical assistance in tax collection. The financial contribution of these companies to the Belgian government budget is not known.
4. Belgium's share in exports to the Congo amounted to \$64 million in 1964. Even these exports, however, constitute only a minor fraction of total Belgian exports which run around \$5 billion.
5. The long-standing Belgian-Congolese dispute over assets and liabilities inherited by the independent Congo from Belgian colonial administrations appears to have been essentially settled in the Spaak-Tshombe talks of 1 to 8 February. Belgium won considerable protection for its business investments in the Congo, while the Congolese leaders gained access to some ready cash.

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6. The Congo is now legally committed not to expropriate the Belgian companies. Tshombe's government, for its part, received \$1.8 million in accumulated Union Miniere dividends which had been held for the Congo's account in Brussels and will henceforth receive dividend income from various companies on a continuing basis. Tshombe prevailed over the Belgians on the question of management of the Congo's share of the various Belgian enterprises in the Congo. He insisted that the Congo alone must decide how and by whom its business affairs would be managed.

7. Tshombe agreed with slight modifications to the Adoula-Spaak accord of March 1964 on responsibility for the colonial Congo's public debt. The Congo appears thus to have taken on a commitment to pay some \$6 million a year in interest charges on the debt which is held mostly in Belgium. The Congolese payment makes up about one-eighth of total interest payments, with the rest being paid by the Belgian government.

8. The Belgian Government's concept of economic aid continues to ignore the possibility of grant aid or soft loans but emphasizes technical aid. Belgium continues to maintain some 2,000 technicians--primarily teachers--in the Congo and has taken a major new step in its technical aid through the provision of so-called "administrative teams." These teams are made up of specialists in such fields as finance, public health, and police work. They are designed to make a major contribution to the restoration of effective administration in areas reconquered from the rebels. Belgium apparently is willing to provide these technicians, despite its labor shortage, in part because improved local government is held necessary for the operation of Belgian business in the Congo.

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